

# Policy Schedule

PF-2006-00195

Date of Issue:	02/01/07	Policy Number:	7000000 AH
Insured:	John Doe	Issue Age and Sex	35 Male
Monthly Benefit for Total Disability	Up to \$,1000	Elimination Period	90 days
Usual Occupation Period:	24 months	Maximum Benefit Period (See Table A in This Schedule)	To Age 65

Benefit Provisions		Annual Premium
Monthly Benefit for Total Disability		\$697.00
Cost of Living Adjustment Rider	1CL-96	\$128.00
Maximum Optional Increase Amount	\$2,000	
		Policy Fee \$35.00
		Total Annual Premium \$860.00
		1 month Term
		Total Premium For Initial Term \$75.94

Endorsements and Riders to Your policy may change terms (including definitions), conditions, exclusions and limitations of coverage. You should always check each Endorsement and Rider to confirm what coverage You have.

Table A Maximum Benefit Period Varies by Age When Disability Begins

Age When Disability Begins	Maximum Benefit Period
Before age 61	To Age 65
At age 61, before age 62	48 Months
At age 62, before age 63	42 Months
At age 63, before age 64	36 Months
At age 64, before age 65	30 Months
At age 65, before age 75	24 Months
At or after age 75	12 Months

See Renewal Provision for Ages 65 and Greater

See Policy-Wording For-Benefits-Payable-Under-Any-Riders

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## Endorsement

This endorsement is part of this policy to which it is attached. This policy is amended as follows:

- A. The definition of total disability on page 5 of this policy is deleted and replaced with the following:

**"Total disability or totally disabled** means that as a result of injury or sickness, you are unable to perform with reasonable continuity the substantial and material acts necessary to pursue your usual occupation in the usual or customary way."

- B. The definition of regular occupation on page 5 of this policy is deleted and replaced with the following:

**"Usual occupation** means any employment, business, trade or profession and the substantial and material acts of the occupation you were regularly performing when the disability began. Usual occupation is not necessarily limited to the specific job You performed."

All references to "regular occupation" in this policy, wherever they occur, are replaced with "usual occupation".

- C. The definition of preexisting condition on page 6 of this policy is deleted and replaced with the following:

**"Preexisting condition** means:

1. You:
  - a. received medical treatment, care or services for a diagnosed condition or took prescribed medication for a diagnosed condition in the 24 months immediately prior to the effective date of coverage under this policy; or
  - b. suffered from a physical or mental condition, whether diagnosed or undiagnosed, which was misrepresented or not disclosed in the application (i) for which you received a physician's advice or treatment within 24 months immediately prior to the effective date of coverage under this policy; or (ii) which caused symptoms within 12 months immediately prior to the effective date of coverage under this policy for which a prudent person would usually seek medical advice or treatment; and
2. the disability caused or substantially contributed to by the condition begins in the first 24 months after the effective date of coverage under this policy."

- D. The following is added to the Definitions section of this policy:

**"Substantial and material acts** means the important tasks, functions and operations generally required by employers from those engaged in your usual occupation that cannot be reasonably omitted or modified.

In determining what substantial and material acts are necessary to pursue your usual occupation, we will first look at the specific duties required by your job. If you are unable to perform one or more of these duties with reasonable continuity, we will then determine whether those duties are customarily required of other individuals engaged in your usual occupation. ~~If any specific, material duties required of you by your job differ from the material duties customarily required of other individuals engaged in your usual occupation, then we will not consider those duties in determining what substantial and material acts are necessary to pursue your usual occupation."~~

- E. The definitions of impairment and gainfully employed on page 5 of this policy are deleted.

## Endorsement (continued)

- F. The Preexisting Conditions Exclusion on page 11 of this policy is deleted and replaced with the following:

**"Preexisting Conditions Exclusion.** You are not covered for a disability caused or substantially contributed to by a preexisting condition or medical or surgical treatment of a preexisting condition. This exclusion does not apply to any condition that was disclosed and was not misrepresented in the application for this policy and was not excluded by name or specific description."

- G. In the Benefit Adjustment Provision section on page 8 of this policy, the definition of valid disability coverage is deleted and replaced with the following:

**"Valid disability coverage** means all disability coverage or benefits payable for a disability and provided by:

1. Governmental agencies (e.g., Social Security Insurance Benefits, etc.); or
2. Formal employer provided sick pay, salary continuance and other disability income benefits."

- H. The following provision is added to the Claims section of this policy:

### **"Regular Care of a Physician**

You must be under the Regular Care of a Physician unless Regular Care:

1. Will not improve the condition(s) causing Your Disability; or
2. Will not prevent a worsening of the condition(s) causing Your Disability.

**Regular care** means:

1. You personally visit a Physician(s) as frequently as is medically required to effectively manage and treat the condition(s) causing Your Disability; and
2. You are receiving appropriate treatment and care which conforms with generally accepted medical standards for the condition(s) causing Your Disability.

Prior to the initial payment of benefits, provided You are receiving appropriate treatment and care which conforms with generally accepted medical standards for the condition(s) causing Your Disability, if the time period between Your visits to a Physician(s) is reasonable, You will be deemed to have satisfied the Regular Care of a Physician requirement, even if this results in a visit to a Physician(s) occurring after the end of the Elimination Period."

## Endorsement

This endorsement is part of this policy to which it is attached. This policy is amended as follows:

- A. The definition of total disability on page 5 of this policy is deleted and replaced with the following:

**"Total disability or totally disabled** means that as a result of injury or sickness, you are:

1. during the usual occupation period shown on page 3 of this policy - unable to perform with reasonable continuity the substantial and material acts necessary to pursue your usual occupation in the usual or customary way; and
2. after the usual occupation period shown on page 3 of this policy, unable to engage with reasonable continuity in any occupation in which you could reasonably be expected to perform satisfactorily in light of your age, education, training, experience, station in life, and physical and mental capacity that exists within any of the following locations:
  - a. a reasonable distance or travel time from your residence in light of the commuting practices of your community; or
  - b. a distance or travel time equivalent to the distance or travel time you traveled to work before becoming disabled; or
  - c. the regional labor market, if you reside or resided prior to becoming disabled in a metropolitan area."

- B. The definition of regular occupation on page 5 of this policy is deleted and replaced with the following:

**"Usual occupation** means any employment, business, trade or profession and the substantial and material acts of the occupation you were regularly performing when the disability began. Usual occupation is not necessarily limited to the specific job You performed."

All references to "regular occupation" in this policy, wherever they occur, are replaced with "usual occupation".

- C. The definition of preexisting condition on page 6 of this policy is deleted and replaced with the following:

**"Preexisting condition** means:

1. You:
  - a. received medical treatment, care or services for a diagnosed condition or took prescribed medication for a diagnosed condition in the 24 months immediately prior to the effective date of coverage under this policy; or
  - b. suffered from a physical or mental condition, whether diagnosed or undiagnosed, which was misrepresented or not disclosed in the application (i) for which you received a physician's advice or treatment within 24 months immediately prior to the effective date of coverage under this policy; or (ii) which caused symptoms within 12 months immediately prior to the effective date of coverage under this policy for which a prudent person would usually seek medical advice or treatment; and
2. the disability caused or substantially contributed to by the condition begins in the first 24 months after the effective date of coverage under this policy."

## Endorsement (continued)

- D. The following is added to the Definitions section of this policy:

**"Substantial and material acts** means the important tasks, functions and operations generally required by employers from those engaged in your usual occupation that cannot be reasonably omitted or modified.

In determining what substantial and material acts are necessary to pursue your usual occupation, we will first look at the specific duties required by your job. If you are unable to perform one or more of these duties with reasonable continuity, we will then determine whether those duties are customarily required of other individuals engaged in your usual occupation. If any specific, material duties required of you by your job differ from the material duties customarily required of other individuals engaged in your usual occupation, then we will not consider those duties in determining what substantial and material acts are necessary to pursue your usual occupation."

- E. The definitions of impairment and gainfully employed on page 5 of this policy are deleted.
- F. The Preexisting Conditions Exclusion on page 11 of this policy is deleted and replaced with the following:

**"Preexisting Conditions Exclusion.** You are not covered for a disability caused or substantially contributed to by a preexisting condition or medical or surgical treatment of a preexisting condition. This exclusion does not apply to any condition that was disclosed and was not misrepresented in the application for this policy and was not excluded by name or specific description."

- G. In the Benefit Adjustment Provision section on page 8 of this policy, the definition of valid disability coverage is deleted and replaced with the following:

**"Valid disability coverage** means all disability coverage or benefits payable for a disability and provided by:

1. Governmental agencies (e.g., Social Security Insurance Benefits, etc.); or
2. Formal employer provided sick pay, salary continuance and other disability income benefits."

- H. The following provision is added to the Claims section of this policy:

### **"Regular Care of a Physician**

You must be under the Regular Care of a Physician unless Regular Care:

1. Will not improve the condition(s) causing Your Disability; or
2. Will not prevent a worsening of the condition(s) causing Your Disability.

**Regular care** means:

1. You personally visit a Physician(s) as frequently as is medically required to effectively manage and treat the condition(s) causing Your Disability; and
2. You are receiving appropriate treatment and care which conforms with generally accepted medical standards for the condition(s) causing Your Disability.

### Endorsement (continued)

Prior to the initial payment of benefits, provided You are receiving appropriate treatment and care which conforms with generally accepted medical standards for the condition(s) causing Your Disability, if the time period between Your visits to a Physician(s) is reasonable, You will be deemed to have satisfied the Regular Care of a Physician requirement, even if this results in a visit to a Physician(s) occurring after the end of the Elimination Period."

## Endorsement

This endorsement is part of this policy to which it is attached. This policy is amended as follows:

- A. The definition of total disability on page 5 of this policy is deleted and replaced with the following:

**"Total disability or totally disabled** means that as a result of injury or sickness, you are unable to perform with reasonable continuity the substantial and material acts necessary to pursue your usual occupation in the usual or customary way."

- B. The definition of partial disability on page 5 of this policy is deleted and replaced with the following:

**"Partial disability or partially disabled** means that you are not totally disabled and that while actually working in an occupation, as a result of injury or sickness, you are unable to engage with reasonable continuity in your usual occupation."

- C. The definition of preexisting condition on page 5 of this policy is deleted and replaced with the following:

**"Preexisting condition** means:

1. You:
  - a. received medical treatment, care or services for a diagnosed condition or took prescribed medication for a diagnosed condition in the 24 months immediately prior to the effective date of coverage under this policy; or
  - b. suffered from a physical or mental condition, whether diagnosed or undiagnosed, which was misrepresented or not disclosed in the application (i) for which you received a physician's advice or treatment within 24 months immediately prior to the effective date of coverage under this policy; or (ii) which caused symptoms within 12 months immediately prior to the effective date of coverage under this policy for which a prudent person would usually seek medical advice or treatment; and
2. the disability caused or substantially contributed to by the condition begins in the first 24 months after the effective date of coverage under this policy."

- D. The following is added to the Definitions section of this policy:

**"Substantial and material acts** means the important tasks, functions and operations generally required by employers from those engaged in your usual occupation that cannot be reasonably omitted or modified.

In determining what substantial and material acts are necessary to pursue your usual occupation, we will first look at the specific duties required by your job. If you are unable to perform one or more of these duties with reasonable continuity, we will then determine whether those duties are customarily required of other individuals engaged in your usual occupation. If any specific, material duties required of you by your job differ from the material duties customarily required of other individuals engaged in your usual occupation, then we will not consider those duties in determining what substantial and material acts are necessary to pursue your usual occupation."

**Usual occupation** means any employment, business, trade or profession and the substantial and material Acts of the occupation you were regularly performing when the disability began. Usual occupation is not necessarily limited to the specific job you performed."

All references to 'regular occupation' in this policy, wherever they occur, are replaced with 'usual occupation'."

## Endorsement (continued)

- E. The Preexisting Conditions Exclusion on page 10 is deleted and replaced with the following:

**"Preexisting Conditions Exclusion.** You are not covered for a disability caused or substantially contributed to by a preexisting condition or medical or surgical treatment of a preexisting condition. This exclusion does not apply to any condition that was disclosed and was not misrepresented in the application for this policy and was not excluded by name or specific description."

- F. The following provision is added to the Claims section of this policy:

### **"Regular Care of a Physician**

You must be under the Regular Care of a Physician unless Regular Care:

1. Will not improve the condition(s) causing Your Disability; or
2. Will not prevent a worsening of the condition(s) causing Your Disability.

### **Regular care means:**

1. You personally visit a Physician(s) as frequently as is medically required to effectively manage and treat the condition(s) causing Your Disability; and
2. You are receiving appropriate treatment and care which conforms with generally accepted medical standards for the condition(s) causing Your Disability.

Prior to the initial payment of benefits, provided You are receiving appropriate treatment and care which conforms with generally accepted medical standards for the condition(s) causing Your Disability, if the time period between Your visits to a Physician(s) is reasonable, You will be deemed to have satisfied the Regular Care of a Physician requirement, even if this results in a visit to a Physician(s) occurring after the end of the Elimination Period."





## Rider: Monthly Benefit For Partial Disability

This rider is a part of the policy if it is referred to on page 3.

**Date of Rider** The effective date of this rider is shown on page 3.

**Definitions** The definition of disability in your policy is amended to read as follows:

**"Disability or disabled** means either total or partial disability that starts while your policy is in force."

**Partial disability** means you are not totally disabled and that while actually working in an occupation, as a result of injury or sickness, you are unable to earn 80% or more of your prior earnings.

**Earnings** means compensation, according to generally accepted accounting standards, for services you perform. It includes salary, fees, commissions, bonuses and other payment for services which you render--after deduction of normal and customary unreimbursed business expenses, but before deduction of any income taxes.

Earnings do not include:

1. Income from dividends, interest, rent, royalties, annuities, or investments;
2. Income from deferred compensation plans, formal sick pay benefits, disability income policies, or retirement plans; or
3. Any other forms of unearned income not derived from your job activities.

**Prior earnings** means your average monthly earnings based on Federal Income Tax returns for the 3 tax years immediately prior to the start of your disability. However, at your option, it may be based on the 36 months immediately prior to the start of your disability, provided there is financial documentation satisfactory to us for any period for which tax returns have not yet been filed.

After the start of a period of disability the prior earnings are increased each year by a percentage equal to the increase in the CPI-U, but not less than 4 percent.

**CPI-U** means the Consumer Price Index for Urban Wage Earners and Clerical Workers for all items. It is published by the United States Bureau of Labor Statistics. If the CPI-U cannot be used or is not available, we will choose a suitable index to replace it. CPI-U will then mean the chosen index.

### Benefits

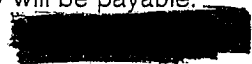

**Monthly Benefit for Partial Disability** --While you are partially disabled, we will pay a monthly benefit for partial disability, if the elimination period has been met (by total disability and/or partial disability).

The monthly amount of this benefit equals:

$(A - B) / A \times \text{Monthly Benefit for Total Disability}$

"A" is your prior earnings, as defined above.

"B" is your earnings for the month for which partial disability is claimed. Such earnings will not include income received for services you performed prior to the date your partial disability started. If monthly earnings are 25 percent or less of prior earnings we will consider "B" to be zero; that is, the full monthly benefit for total disability will be payable.



## Rider: Monthly Benefit For Partial Disability (Continued)

### Benefits (Continued)

For example, if your Monthly Benefit for Total Disability is \$1,000, your prior earnings are \$2,000, and your monthly earnings are reduced to \$800 during your disability, your partial disability benefit would be computed as follows:

$$\frac{\$2,000 - \$800}{\$2,000} \times \$1,000 = \$600$$

For periods of less than a month, benefits will be prorated based on a 30-day month.

Subject to the parameters given in their definitions above, "A" and "B" will be based on a consistent accounting method (i.e., cash or accrual).

However, during the first 6 months of partial disability, the minimum benefit will be 50 percent of the monthly benefit for total disability.

The partial disability benefit will be payable starting on the day after the elimination period ends; however, we will not pay a partial disability benefit while we are paying you the total disability benefit.

We will continue to pay this benefit until the earliest of:

1. The date you are no longer partially disabled;
2. The date the maximum benefit period is reached for a continuous period of disability; or
3. The first premium due date on or after your 65th birthday.

We may require proof from you as to your:

1. Prior earnings; and
2. Earnings for each month for which disability is claimed.

This may include your income tax returns, income statements, accountant's statements or other proof acceptable to us. We have the right to have an audit performed at our expense as often as we feel is reasonably necessary.

**Recovery Benefit--** Following a continuous period of disability for which at least 12 months of benefits have been payable, we will pay you a recovery benefit equal to 3 times the benefit payable for the last month of your disability. This recovery benefit will be payable only once for a continuous period of disability, including recurrent disabilities.

### Time Limit on Certain Defenses

After 2 years from the effective date of this rider, not including any period during which your policy was suspended during military service or unemployment, no misstatements, except for fraudulent misstatements, made by you on the application for this rider can be used to void this rider or deny a claim under this rider for a loss incurred or disability that begins more than 2 years from the date of this rider.

No claim for loss incurred or disability starting after 2 years from the effective date of this rider will be reduced or denied on the grounds that a sickness or physical condition had existed before the effective date of this rider unless, on the date of loss, that sickness or physical condition was excluded from coverage by name or specific description.

### Premium

The premium for this rider is shown on page 3.

## Rider: Monthly Benefit For Partial Disability (Continued)

### Termination

This rider will end on the earliest of:

1. The date the policy ends;
2. The first premium due date on or after your 65th birthday; or
3. The date you request in writing to end this benefit, in which case you must return the policy to us. We will change the policy and return it to you.

## Rider: Monthly Benefit For Partial Disability

This rider is a part of the policy if it is referred to on page 3.

**Date of Rider** The effective date of this rider is shown on page 3.

**Definitions** The definition of disability in your policy is amended to read as follows:

**"Disability or disabled** means either total or partial disability that starts while your policy is in force."

**Partial disability** means you are not totally disabled and that while actually working in an occupation, as a result of injury or sickness, you are unable to earn 80% or more of your prior earnings.

**Earnings** means compensation, according to generally accepted accounting standards, for services you perform. It includes salary, fees, commissions, bonuses and other payment for services which you render--after deduction of normal and customary unreimbursed business expenses, but before deduction of any income taxes.

Earnings do not include:

1. Income from dividends, interest, rent, royalties, annuities, or investments;
2. Income from deferred compensation plans, formal sick pay benefits, disability income policies, or retirement plans; or
3. Any other forms of unearned income not derived from your job activities.

**Prior earnings** means your average monthly earnings based on Federal Income Tax returns for the 3 tax years immediately prior to the start of your disability. However, at your option, it may be based on the 36 months immediately prior to the start of your disability, provided there is financial documentation satisfactory to us for any period for which tax returns have not yet been filed.

After the start of a period of disability the prior earnings are increased each year by a percentage equal to the increase in the CPI-U, but not less than 4 percent.

**CPI-U** means the Consumer Price Index for Urban Wage Earners and Clerical Workers for all items. It is published by the United States Bureau of Labor Statistics. If the CPI-U cannot be used or is not available, we will choose a suitable index to replace it. CPI-U will then mean the chosen index.

### Benefits

**Monthly Benefit for Partial Disability** --While you are partially disabled, we will pay a monthly benefit for partial disability, if the elimination period has been met (by total disability and/or partial disability).

The monthly amount of this benefit equals:

$(A - B) / A \times \text{Monthly Benefit for Total Disability}$

"A" is your prior earnings, as defined above.

"B" is your earnings for the month for which partial disability is claimed. Such earnings will not include income received for services you performed prior to the date your partial disability started. If monthly earnings are 25 percent or less of prior earnings we will consider "B" to be zero; that is, the full monthly benefit for total disability will be payable.

## **Rider: Monthly Benefit For Partial Disability (Continued)**

### **Benefits (Continued)**

For example, if your Monthly Benefit for Total Disability is \$1,000, your prior earnings are \$2,000, and your monthly earnings are reduced to \$800 during your disability, your partial disability benefit would be computed as follows:

$$\frac{\$2,000 - \$800}{\$2,000} \times \$1,000 = \$600$$

For periods of less than a month, benefits will be prorated based on a 30-day month.

Subject to the parameters given in their definitions above, "A" and "B" will be based on a consistent accounting method (i.e., cash or accrual).

The partial disability benefit will be payable starting on the day after the elimination period ends; however, we will not pay a partial disability benefit while we are paying you the total disability benefit.

We will continue to pay this benefit until the earliest of:

1. The date you are no longer partially disabled;
2. The date the maximum benefit period is reached for a continuous period of disability; or
3. The first premium due date on or after your 65th birthday.

We may require proof from you as to your:

1. Prior earnings; and
2. Earnings for each month for which disability is claimed.

This may include your income tax returns, income statements, accountant's statements or other proof acceptable to us. We have the right to have an audit performed at our expense as often as we feel is reasonably necessary.

### **Time Limit on Certain Defenses**

After 2 years from the effective date of this rider, not including any period during which your policy was suspended during military service or unemployment, no misstatements, except for fraudulent misstatements, made by you on the application for this rider can be used to void this rider or deny a claim under this rider for a loss incurred or disability that begins more than 2 years from the date of this rider.

No claim for loss incurred or disability starting after 2 years from the effective date of this rider will be reduced or denied on the grounds that a sickness or physical condition had existed before the effective date of this rider unless, on the date of loss, that sickness or physical condition was excluded from coverage by name or specific description.

### **Premium**

The premium for this rider is shown on page 3.

## **Rider: Monthly Benefit For Partial Disability (Continued)**

**Termination.** This rider will end on the earliest of:

1. The date the policy ends;
2. The first premium due date on or after your 65th birthday; or
3. The date you request in writing to end this benefit, in which case you must return the policy to us. We will change the policy and return it to you.